

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,

Plaintiff,

v.

RENEE MARIE BROWN,

Defendant.

INDICTMENT

CR 11-162SRN/SER

(15 U.S.C. § 78ff)

(15 U.S.C. § 78j(b))

(18 U.S.C. § 1343)

(18 U.S.C. § 1957)

The United States Grand Jury charges that:

INTRODUCTION

1. At all times relevant to this Indictment, Defendant RENEE MARIE BROWN, a resident of Minnesota, was a Minnesota-based investment adviser.

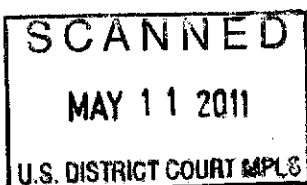
2. Investors Income Fund X, LLC ("Fund X") is a limited liability company created by Brown on July 1, 2009 under the laws of the State of South Dakota. Fund X had the same mailing address as Brown's home mailing address in Minnesota. Brown was the sole managing member and control person of Fund X.

3. After creating Fund X, Brown opened and maintained sole control over two accounts in Fund X's name: an account at TD Ameritrade, and a checking account at Wells Fargo & Company ("Wells Fargo").

COUNTS 1-5
(Securities Fraud)

4. The grand jury incorporates paragraphs 1 through 3 as if fully set forth herein.

FILED MAY 11 2011
RICHARD D. SLETTEN, CLERK
JUDGMENT ENTERED _____
DEPUTY CLERK'S INITIALS _____



U.S. v. Renee Marie Brown

5. Beginning at a time unknown to the Grand Jury, but by at least in or about June 2009, and continuing until in or about March 2010, within the State and District of Minnesota and elsewhere, the defendant,

RENEE MARIE BROWN,

willfully and fraudulently offered and sold securities, and then diverted to her own use money provided by investors to purchase those securities.

6. It was part of the scheme to defraud that the defendant contacted investors by telephone, email, and in person, for the purpose of fraudulently inducing investors to invest in Fund X, including by falsely and fraudulently representing that:

a. Fund X was a "bond fund" with an 8% or 9% rate of return, and

b. She had personally invested \$200,000 of her own money in Fund X.

7. It was further part of the scheme to defraud that the defendant concealed and omitted material facts, including not telling investors that:

U.S. v. Renee Marie Brown

- a. Fund X never invested in bonds;
- b. BROWN never invested in Fund X;
- c. BROWN used over \$500,000 of client funds transferred to the Fund X accounts to purchase a condominium for her personal use;
- d. BROWN used client funds transferred to the Fund X accounts for her personal expenses, including payment of credit card bills, and
- e. The "returns" distributed to clients were merely transfers from Fund X accounts, not legitimate returns from investments in bonds.

8. On or about the dates listed for each count below, within the State and District of Minnesota and elsewhere, the defendant,

RENEE MARIE BROWN,

unlawfully, willfully, and knowingly, directly and indirectly, by use of means and instrumentalities of interstate commerce, and of the mails, in connection with the purchase and sale of securities, did use and employ manipulative and deceptive devices and contrivances, in violation of Title 17, Code of

U.S. v. Renee Marie Brown

Federal Regulations, Section 240.10b-5, by: (a) employing a device, scheme and artifice to defraud, (b) making untrue statements of material facts and omitting material facts necessary in order to make the statements made, in light of the circumstance under which they were made, not misleading, and (c) engaging in acts, practices and a course of business which would and did operate as a fraud and deceit upon persons, to wit, BROWN made false and misleading statements, or material omissions, that induced investors to make the investments in Fund X listed as further described below:

Count	Date (on or about)	Investor	Investment Amount (approximate)
1	7/7/2009	S.H.	\$100,000
2	2/9/2010	M.C.	\$100,000
3	2/17/2010	J.K.	\$200,000
4	2/23/2010	J.W.	\$50,000
5	3/4/2010	M.H.	\$300,000

All in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

U.S. v. Renee Marie Brown

COUNTS 6-10
(Wire Fraud)

9. The grand jury incorporates paragraphs 1 through 7 as if fully set forth herein.

10. Beginning at a time unknown to the Grand Jury, but by at least in or about June 2009, and continuing until in or about March 2010, within the State and District of Minnesota and elsewhere, the defendant,

RENEE MARIE BROWN,

knowingly and intentionally devised a scheme and artifice to defraud and to obtain money and property from investors by means of material false and fraudulent pretenses, representations, and promises, which scheme and artifice is described above. For the purpose of executing and attempting to execute the scheme and artifice described above, the defendant knowingly caused to be transmitted in interstate commerce the interstate wire communications described below:

U.S. v. Renee Marie Brown

Count	Date (on or about)	Wire Communication
6	6/29/2009	Email communication from BROWN in Minnesota to S.H. in Montana regarding S.H.'s potential investment in Fund X.
7	7/2/2009	Email communication from BROWN in Minnesota to TD Ameritrade New Account Operations in Nebraska regarding BROWN's use of the Fund X TD Ameritrade account.
8	2/8/2010	Fax communication from BROWN in Minnesota to TransAmerica Policy Services in Georgia, regarding a "rush" transfer of client funds.
9	2/9/2010	Facsimile communication from BROWN in Minnesota to Charles Schwab in Arizona regarding a wire transfer of \$100,000 from the account of M.C.
10	2/26/2010	Wire transfer of \$557,042.98 from Wells Fargo in California (Fund X Account) to Anchor Bank in Minnesota, for purposes of BROWN's purchase of condominium.

All in violation of Title 18, United States Code, Section 1343.

U.S. v. Renee Marie Brown

COUNT 11

(Transactional Money Laundering)

11. On or about February 11, 2010, in the State and District of Minnesota and elsewhere, the defendant,

RENEE MARIE BROWN,

knowingly engaged and attempted to engage in a monetary transaction by, through, and to a financial institution, affecting interstate commerce in criminally-derived property of a value greater than \$10,000. Specifically, on February 11, 2010, BROWN transferred \$85,000 from Wells Fargo Bank account #xxxxxx5537, held in the name of Fund X, to Fidelity Bank account #xxxxxx0490, held in the name of the defendant's company Aaria Capital. She then used the funds in the Aaria Capital bank account in part to build/redecorate Aaria Capital office space. The \$85,000 was derived from a specified unlawful activity, namely, wire fraud and securities fraud.

All in violation of Title 18, United States Code, Section 1957.

U.S. v. Renee Marie Brown

FORFEITURE ALLEGATIONS

Counts 1-11 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures. If convicted of any of Counts 1 through 11, the defendant shall forfeit, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) any and all real and personal property constituting or derived, directly or indirectly, from proceeds traceable to such offenses.

If convicted of Count 11, charging the defendant with violating Title 18, United States Code, Section 1957, the defendant shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), any and all real and personal property involved in such offense, and any property traceable to such property.

If any of the above-described property is unavailable for forfeiture as described in Title 21, United States Code, Section 853(p), the United States intends to seek the forfeiture of substitute assets pursuant to Title 21, United States Code, Section 853(p) as incorporated by Title 18, United States Code,

U.S. v. Renee Marie Brown

Section 982(b) and Title 28, United States Code, Section
2461(c).

A TRUE BILL:

UNITED STATES ATTORNEY

FOREPERSON